

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

W-03443A
Appaloosa Water Company
7861 East Gray Road, Suite 100
Scottsdale, AZ 85260

RECEIVED

APR 19 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) Appaloosa Water Company

Mailing Address 7861 East Gray Road, Suite 109

(Street)

Scottsdale

(City)

AZ

(State)

85260

(Zip)

480.850.2720

Telephone No. (Include Area Code)

480.850.2726

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 7861 East Gray Road, Suite 109

(Street)

Scottsdale

(City)

AZ

(State)

85260

(Zip)

480.850.2720

Local Office Telephone No. (Include Area Code)

480.850.2726

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Harold Friend President

(Name)

(Title)

7861 East Gray Road, Suite 109

(Street)

Scottsdale

(City)

AZ

(State)

85260

(Zip)

480.850.2720

Telephone No. (Include Area Code)

480.850.2726

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Miguel Phelps

(Name)

PO Box 3390

(Street)

Chino Valley

(City)

AZ

(State)

86323

(Zip)

928.636.6333

Telephone No. (Include Area Code)

928.710.4523

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Arizona Realty Consultants, Inc.
(Name)

7861 East Gray Road Scottsdale AZ 85260
(Street) (City) (State) (Zip)

480.850.2720 480.850.2726
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Thomas H Campbell, Lewis & Roca LLP
(Name)

40 North Central Avenue Phoenix AZ 85013
(Street) (City) (State) (Zip)

602.262.75723 602.734.3841
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	3,160.96	.00	3160.96
304	Structures and Improvements			
307	Wells and Springs	285,204.21		
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	848,187.17		
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	15,197.95		
	TOTALS			

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 5,189.93	\$ 27,435.61
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	2,084.43	537.27
146	Notes/Receivables from Associated Companies	16,500.00	
151	Plant Material and Supplies		
162	Prepayments	2,784.00	2,887.00
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 26,558.36	\$ 30,859.88
	FIXED ASSETS		
101	Utility Plant in Service	\$ 697,401.96	\$ 1,151,750.29
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<124,9643.00>	<155,202.00>
121	Non-Utility Property	125,000.00	176,608.00
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 697,437.96	\$ 1,173,156.29
	TOTAL ASSETS	\$ 723,996.32	\$ 1,204,016.17

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 2,423.75	\$ 5,618.07
232	Notes Payable (Current Portion)	954.55	1,331.09
234	Notes/Accounts Payable to Associated Companies	58,600.00	130,230.00
235	Customer Deposits	47,640.00	81,250.00
236	Accrued Taxes	512.69	598.29
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 110,130.99	\$ 219,027.45
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		391,441.67
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 110,130.99	\$ 391,441.67
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,000.00	\$ 2,000.00
211	Paid in Capital in Excess of Par Value	694,241.36	694,241.36
215	Retained Earnings	<82,376.03>	<102,964.31>
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 613,865.33	\$ 593,277.05
	TOTAL LIABILITIES AND CAPITAL	\$ 623,966.32	\$1,204,016.17

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 60,558.37	\$ 78,684.56
460	Unmetered Water Revenue		
474	Other Water Revenues	550.00	1,200.00
	TOTAL REVENUES	\$ 61,108.37	\$ 79,884.56
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	4,511.79	5,543.10
618	Chemicals		
620	Repairs and Maintenance	764.65	676.98
621	Office Supplies and Expense	276.48	1,193.36
630	Outside Services	31,686.23	45,833.72
635	Water Testing	2,776.96	4,318.08
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	2,361.00	4,839.00
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,678.03	3,114.83
403	Depreciation Expense	27,440.00	30,238.00
408	Taxes Other Than Income	532.39	718.14
408.11	Property Taxes		3,895.76
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 72,357.53	\$ 100,370.97
	OPERATING INCOME/(LOSS)	\$ <11,249.16>	\$ <20,486.41>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	<51.73>	<101.87>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <51.73>	\$ <101.87>
	NET INCOME/(LOSS)	\$ <11,300.89>	\$ <20,588.28>

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 81,520.00

Meter Deposits Refunded During the Test Year \$

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-607204	7.5	125	666	16	6	1999

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	2	13	
7.5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
65,000	1	5,500	1

COMPANY NAME Appaloosa Water Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	916.69
5		
6	PVC	10,179.40
8	PVC	3,875.19
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

60' x 140' Slump block wall with iron entry gate
38' x 8' 65,000 Storage Tank
28 X 24 Pump house for booster pump & hydro tank
5500 gallon hydromatic tank

OTHER:

3 50' Fire hoses
2 90 degree blow off extensions
1 16' extension ladder
Pipe wrenches

COMPANY NAME: Appaloosa Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	105	513,550	513,550
FEBRUARY	109	530,969	530,969
MARCH	111	426,750	426,750
APRIL	111	859,830	859,830
MAY	115	1,140,680	1,140,680
JUNE	115	1,626,708	1,626,708
JULY	119	1,634,707	1,934,707
AUGUST	139	2,872,780	2,872,780
SEPTEMBER	160	2,790,090	1,790,090
OCTOBER	170	1,992,570	1,992,570
NOVEMBER	177	1,540,906	1,540,906
DECEMBER	182	1,525,964	1,525,964
TOTAL			17,455,504

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ **Yes** ☐ **No**

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ **Yes** ☒ **No**

If yes, provide the GPCPD amount:_____

What is the level of arsenic for each well on your system. _____.013____mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Appaloosa Water Company YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 3,895.76

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Appaloosa Water Company

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/15/2005
DATE

Harold Friend
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 19 2005

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa	AZ Corporation Commission Director Of Utilities
NAME (OWNER OR OFFICIAL) TITLE Harold Friend	
COMPANY NAME Appaloosa Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 2004
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ _____ 86,787.89 _____

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____ 6,913.33 _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Harold Friend

SIGNATURE OF OWNER OR OFFICIAL

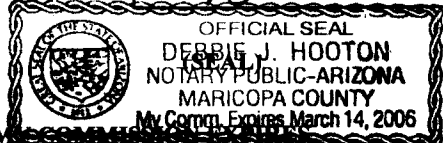
480.850.2720

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th **DAY OF**



3.14.2006

COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	YEAR <u>2005</u>

Debbie J. Hooton

SIGNATURE OF NOTARY PUBLIC

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

APR 19 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 86,787.89

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

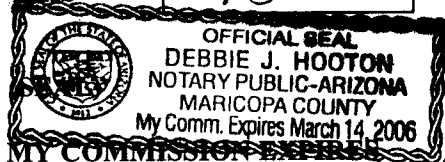
Harold Farnell
SIGNATURE OF OWNER OR OFFICIAL

480.850.2720
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF



MY COMMISSION EXPIRES 3.14.2006

NOTARY PUBLIC NAME <u>Debbie J. Hooton</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	20 <u>05</u>

X *Debbie J. Hooton*
SIGNATURE OF NOTARY PUBLIC